

TRANSFER – CAPITAL IMPROVEMENTS

DESCRIPTION

Capital Improvement Projects are substantial projects that usually have a long life and do not recur annually. Typically, to be included in the county's Capital Improvement Program (CIP), projects must cost in excess of \$100,000. Capital projects may include, but are not limited to, construction of new buildings (such as libraries, fire stations); other projects (such as storm water management projects); major renovations; additions or conversions of existing facilities; park and recreation facilities; airport improvements; and certain road improvements.

Capital Improvement Projects can be financed in a variety of ways, including the sale of general obligation and revenue bonds, lease/purchase agreements, federal and state funds, grants, direct contributions from sources such as private developers, cash proffers, and direct county contributions such as the General Fund. Capital improvement projects for the county are detailed in the Capital Improvement Program. The county's CIP is based, in part, on the Public Facilities Plan. The Public Facilities Plan, adopted by the Board of Supervisors in November 1995, is generally described later in this narrative. The Public Facilities Plan is currently being updated.

FINANCIAL ACTIVITY

| | FY2002 Actual | FY2003 Adopted | FY2004 Biennial Planned | FY2004 Adopted | Change FY2003 to FY2004 | FY2005 Projected | FY2006 Projected | FY2007 Projected |
|---------------------------|--------------------------|---------------------------|--|---------------------------|--|-----------------------------|-----------------------------|-----------------------------|
| GF Trf. for Proj. | \$2,500,000 | \$3,211,000 | \$3,100,000 | \$3,887,200 | 21.1% | \$4,200,000 | \$4,400,000 | \$4,600,000 |
| GF Trf. To Res. | 8,800,000 | 8,600,000 | 9,140,000 | 10,114,000 | 17.6% | 9,609,600 | 10,042,000 | 10,544,100 |
| Allocated to Proj. | (10,976,800) | (10,488,800) | (11,466,300) | (13,141,800) | 25.3% | (11,339,700) | (12,153,000) | (11,906,100) |
| Res: Pub. Safety | <u>0</u> | <u>0</u> | <u>-125,200</u> | <u>(64,700)</u> | N/A | <u>0</u> | <u>(1,005,500)</u> | <u>(1,335,000)</u> |
| Net Add. to Res. | \$323,200 | \$1,322,200 | \$648,500 | \$794,700 | -39.9% | \$2,469,900 | \$1,283,500 | \$1,903,000 |

BUDGET ANALYSIS AND EVALUATION

The county is committed to funding a significant portion of capital improvements with current revenues and now funds at least 20% of general government improvement projects and at least 10% of school projects with current revenue over the multi-year CIP. The Board of Supervisors has also established and adheres to a policy of allocating an amount equal to at least 5% of general fund departmental expenditures (excluding transfers, grants, fund balance, debt service, and respective flow-through expenditures having no direct benefit to the General Fund) and 5% of the General Fund transfer to schools to pay-as-you-go capital improvements. The portion of the General Fund transfer to schools used to calculate the amount set

aside excludes state sales tax, transfer to Comprehensive Services, grounds maintenance, and debt service and is calculated on the previous fiscal year's adopted transfer to schools.

An addition to the Reserve for Future Capital Projects is budgeted each fiscal year through current revenues. Specific projects for funding from the Reserve for Future Capital Projects are identified in the CIP. Any balance in the Reserve remains there until a need is identified.

The FY2004 General Fund transfer to the reserve increased 17.6% over the FY2003 amount. Most of this increase is due to the inclusion of funding from

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results of prior year operations for the emergency systems integration project. The FY2004 General Fund transfer for projects increased 21.1% over FY2003, due primarily to an increase in consumer utility tax revenue on cellular telephones, which is

PUBLIC FACILITIES PLAN

The Public Facilities Plan is an element of the county's Comprehensive Plan. Long-term in nature, the plan fosters planning and programming of capital facilities that are supportive of the county's overall community development strategy as recommended by the county's Comprehensive Plan. The Board of Supervisors adopted the current Public Facilities Plan in November 1995. Staff is in the process of updating the Plan and it is anticipated that adoption by the Board will occur in 2003. The Plan identifies when and where new facilities will be needed as the county grows and provides a way for the Board of Supervisors to be better advised about facility needs. In this sense, the Public Facilities Plan is one form of "needs assessment," which precedes the preparation of the county's Capital Improvement Program.

The Plan is a guide to projects that should be constructed in future years and is an expression of the county's intention to provide specified levels of service.

The Plan does not address funding availability, debt capacity, or other financial concerns. These issues are addressed in the county's Capital Improvement Program. In addition, the Plan's location recommendations are generalized to promote the flexibility desirable when fundamental conditions change or when analysis based on new data reaches differing conclusions.

The relationship of service levels to the need for capital facilities is the basis of the 1995 Adopted Plan. In order to evaluate the need for public facilities, levels of service goals and service area boundaries were developed in close consultation with county departments. Service levels were developed for fire stations, parks, libraries, schools, utilities, and administrative space. The 1995 Plan also references the 1989 Thoroughfare Plan for Transportation and the Airport Master Plan Update

allocated for public safety capital projects. Future year funding levels for pay-as-you-go projects assume adherence to the Board's established policies.

1993-2012 for the Airport. Certain service levels referenced in the 1995 Plan are generally defined below:

Fire Stations: The primary indicator of level of service is response time. The goal of the Fire Department is to provide efficient and effective fire protection and emergency response serving existing and new development, achieving fire response times of not more than six minutes throughout the urban corridor. Further, the goal is to respond to 90 percent of emergency medical calls in less than six minutes.

Parks: Service level goals for parks were adopted as part of the 2002 Parks and Recreation Master Plan. The service level for parks countywide requires the maintenance of eight acres of public recreation space for every 1,000 residents in the county. For regional parks the service level requires 4.5 acres per 1,000 residents, serving a 3 to 5 mile radius or less than a 15 minute drive.

Libraries: Library floor space is the key level of service indicator. The service level for libraries is defined as 0.6 square feet of floor space for each county resident. In addition, residents in the urbanized portion of the county should have a maximum 15-minute drive to a library, with 10 minutes or less for most parts of the service area.

Schools: Demographic and geographic analysis is fundamental in determining future school facility needs. Population projections were used as a basis for determining future school enrollment totals for elementary, middle, and high school levels. Traffic zone data was used to determine future enrollment by school district.

Solid Waste Disposal: Due to increased federal regulation, the county no longer operates active solid waste landfills. Management and disposition

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of closed landfills is on going. Urban residents should be informed of transfer drop-off locations and the availability of private collection. Countywide curbside residential recycling, in cooperation with the Central Virginia Waste Management Authority (CVWMA), was implemented during FY2003.

Utilities: Assuring adequate water protection and sewage treatment capacity determines the placement of utilities, as does county population growth and the pattern of such growth.

Airport: An updated master plan for the County Airport facility was recently completed and approved by the Federal Aviation Administration and the Virginia Department of Aviation (Chesterfield County Airport Master Plan Update

1993-2012). The County Airport is designated as a general reliever aviation airport, providing facilities mainly for privately owned aircraft for business and personal use. The updated Plan forecasts a 40% increase in annual aircraft operations and recommends facility improvements through the year 2012.

Administrative Space: Space needs are determined by growth in employment as well as by growth in the service needs of county residents. The Chesterfield County Government Center Master Plan, adopted in 1989, provides a long-range guide for facilities and road improvements at the county's government complex. An update to the Master Plan is in progress with review and adoption by the Board of Supervisors anticipated during FY2003.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program is typically a five-year capital budget. The Program lists the projects needed to meet service demands. The CIP is prepared annually as required by the County Charter and proposes the acquisition, development, enhancement or replacement of public facilities to serve the county citizenry. The CIP depicts the arrangement of selected projects in priority order

and establishes cost estimates and anticipated funding sources. The CIP reflects tough decisions in the allocation of resources among competing demands. The County Administrator's proposed CIP is submitted to the Board of Supervisors by January of each year and is required by the County Charter to be adopted by May 1.

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In FY2004, \$13,141,800 of the General Fund will be allocated for the following projects:

| | |
|---|---------------------|
| Blight Eradication/ Demolition | \$ 75,000 |
| Clover Hill Athletic Complex | 152,000 |
| Dutch Gap Conservation Area Development..... | 200,000 |
| Emergency Systems Integration..... | 2,644,300 |
| Environmental Management Program | 200,000 |
| Eppington Plantation..... | 75,000 |
| Falling Creek Ironworks Park..... | 25,000 |
| Fire Technology Infrastructure Upgrades | 315,000 |
| Frederick Farms Drainage..... | 180,000 |
| General Road Improvements | 600,000 |
| Governors School..... | 200,000 |
| Goyne Park/Ecoff Elementary..... | 350,000 |
| Henricus Historical Park | 200,000 |
| Hopkins Road Drainage | 10,000 |
| Industrial Access Projects..... | 300,000 |
| Iron Bridge Park | 400,000 |
| Irvin G. Horner Park..... | 1,620,000 |
| Kingsland Acres Drainage..... | 10,000 |
| Main Courthouse Security System..... | 350,000 |
| Matoaca Park Phase III Expansion..... | 422,800 |
| Meadowdale Library Expansion | 156,600 |
| Mid-Lothian Coal Mines Park Stream Restoration..... | 150,000 |
| Miscellaneous Facility Improvements | 207,000 |
| Mobile Data Computers Sheriff's Office | 87,200 |
| Northern Area Transfer Station | 300,000 |
| Park Improvements..... | 1,176,000 |
| Police Property/Evidence Storage Facility | 130,000 |
| Post Closure Maintenance at Landfills..... | 275,000 |
| Public Safety Training Center at Enon..... | 293,000 |
| Road Fund Projects..... | 500,000 |
| Rt. 360 West Area Park..... | 215,000 |
| Security Enhancements | 283,000 |
| Technology Improvements..... | 600,000 |
| The Diamond..... | 159,900 |
| Thermal Imaging Systems (25)..... | 280,000 |
| TOTAL | \$13,141,800 |

IMPACT ON THE OPERATING BUDGET

As part of the budgeting process, projects in the county's Capital Improvement Program are analyzed to determine the operating impacts. Often, new facilities result in additional operating costs for items such as utilities, maintenance and personnel. A total of \$213,100 in FY2004 operating impacts has been identified for a variety of projects including various

park improvements, Irvin G. Horner Park, Robious Landing Park, the Main Courthouse Security System project and Fire Technology Infrastructure Upgrades.

The following table lists the personnel and operating impacts associated with FY2005-2010 general county improvement projects. Projects with significant

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operating impacts expected to affect fiscal years 2005 – 2010 include the Emergency Systems Integration project, Public Safety Training Center at Enon, Ashton Creek - Walthall fire station, the public safety warehouses and the 360 West Area police facility, miscellaneous parks and recreation improvements,

the expansion of the Meadowdale Library, and the new Community Development Building. Portions of these anticipated expenses have been included in the projections for fiscal years 2005 – 2007 as described in the Multi-Year Projections narrative and those of the respective departments.

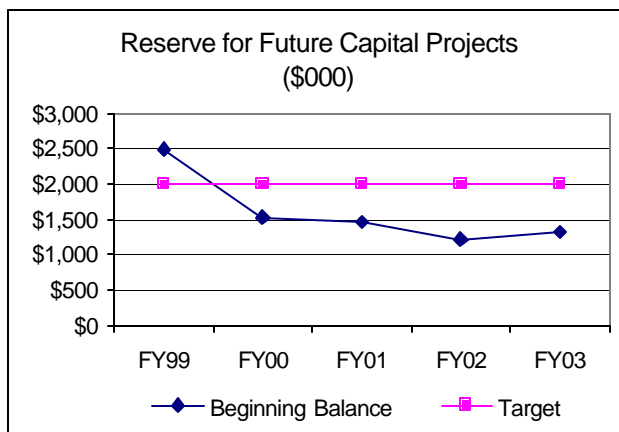
OPERATING IMPACTS FROM CAPITAL IMPROVEMENT PROJECTS

| | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel | \$408,900 | \$678,000 | \$985,100 | \$1,156,200 | \$3,227,700 | \$3,349,300 |
| Operating | <u>1,146,800</u> | <u>1,796,700</u> | <u>2,059,800</u> | <u>2,422,500</u> | <u>3,519,300</u> | <u>3,354,800</u> |
| Total Operating Impact | \$1,455,700 | \$2,474,700 | \$3,044,900 | \$3,578,700 | \$6,747,000 | \$6,704,100 |

Note: Table excludes impacts resulting from projects funded in prior year Capital Improvement Programs. Final funding levels for operating impacts in FY2005 – FY2010 will be made in each year's respective budget deliberations.

HOW ARE WE DOING?

Goal: Assure financial integrity. Supports countywide strategic goal number 1
Objective: Allow for flexibility and unforeseen circumstances in capital funding
Measure: Annual Beginning Balance of Reserve for Future Capital Projects

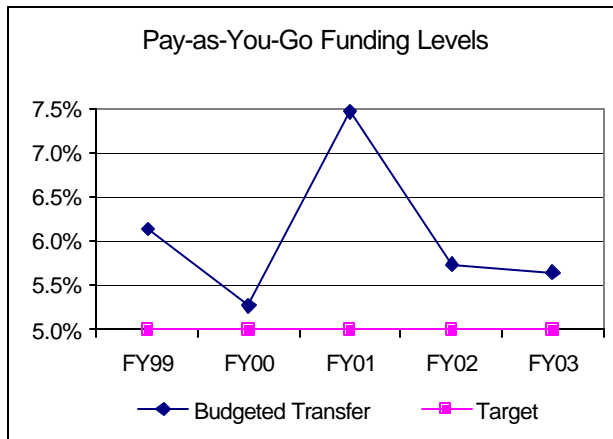


Initiatives

- Multi-year Capital Improvement Program
- Project Steering Committee oversight
- Financial policies
- Budgeted project contingencies

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Goal: Assure financial integrity. Supports countywide strategic goal number 1
Objective: Fund capital projects with current revenues
Measure: Percentage of general fund expenditures committed to capital projects



Initiatives

- Financial Policies
- Cash proffers when appropriate
- Three year revenue and expenditure projections

Note: FY2001 includes \$2.2 million in prior year reserves of cellular telephone utility tax and E-911 tax revenues. These revenues were allocated to public safety projects.

WHERE ARE WE GOING?

The county is in the process of updating the Public Facilities Plan, which serves as the basis for planning future capital facilities. As revisions to the plan are adopted, the new plan will serve as the basis for programming capital facilities. In addition, the county will continue to adopt a multi-year Capital Improvement Program and Biennial Financial Plan.

Both of these plans project future revenues and expenditures, thus providing insight to available funding and planned projects. Future funding levels for county pay-as-you-go capital projects assume maintaining an amount at least equal to 5 percent of general governmental expenditures, net of certain expenses and transfers.